



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.lacounty.gov>

DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

September 27, 2006

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

LEGISLATIVE ANALYST'S OFFICE ISSUES REPORT ON CALIFORNIA'S BUDGET

Yesterday, the Legislative Analyst's Office (LAO) issued its annual report, California Spending Plan 2006-07, which provides a detailed description of the State's enacted budget, and related legislation. Unlike prior years when the State faced major policy decisions to address the continuing budget shortfall, the LAO points out that the FY 2006-07 State Budget reflects a sharply improved fiscal picture as a result of stronger than expected revenue growth. The LAO indicates that between FY 2004-05 and FY 2006-07, revenues are estimated to increase by a combined total of \$17 billion primarily from higher collections of personal income and corporation tax revenues.

While the improved revenue outlook allowed the State to increase funding significantly for education, provide targeted increases for various programs, and prepay nearly \$3 billion in budgetary debt, the LAO notes that current year revenues are estimated to be \$7 billion less than projected expenditures with the difference funded by reserves accumulated from previous years. Since \$3 billion is attributed to the early repayment of budgetary debt, the actual budget shortfall in FY 2006-07 is estimated to be \$4 billion. In addition, based on out-year projections and absent corrective actions, the LAO estimates that operating shortfalls for FY 2007-08 and FY 2008-09 will be in the range of \$4.5 billion to \$5 billion per year. In November, the LAO will update its projections for

FY 2006-07 and future years to reflect the most up to date economic, revenue and expenditure data.

The complete report is available on the LAO's website: <http://www.lao.ca.gov>.

STATUS OF LEGISLATION OF COUNTY INTEREST

County Advocacy Bills

County-opposed AB 573 (Wolk), which would limit the scope of indemnity provisions that local agencies can require of design professionals in agreements or contracts, was signed by the Governor on September 25, 2006.

County-supported AB 2838 (Pavley), which would establish the Coastal Environmental Motor Vehicle Program and authorize a fee of up to \$6 upon the registration or renewal of every motor vehicle registered in one of the twenty counties for environmental mitigation projects, was vetoed by the Governor on September 22, 2006. In his veto message, the Governor indicated that while he supports the goal of increasing funds to mitigate the effects of traffic congestion, he does not believe that those fees should continue to be added without the approval of the people upon whom the fee is imposed.

County-supported AB 2861 (Ridley-Thomas), which increases the penalty from an infraction to a misdemeanor for a second or subsequent violation for failure to abate a lead hazard following notice by the California Department of Health Services or a local enforcement agency, and would add the possibility of imprisonment for up to six months in a county jail to the existing fine of up to \$5,000, was signed by the Governor on September 26, 2006.

County-supported SB 10 (Dunn), which permits the transfer of trial court facilities with a seismic safety rating of level V, defined as at substantial risk, from counties to the State until January 1, 2010, provided the county retains liability, was signed by the Governor on September 25, 2006.

County-supported SB 246 (Figueroa), which exempts a hospital from tissue bank licensure regulations for collecting, processing, storing, or distributing human milk collected from a mother exclusively for her own child, was signed by the Governor on September 26, 2006.

County-supported SB 840 (Kuehl), which would have provided health insurance coverage to all California residents through a single payer insurance program operated by the State, was vetoed by the Governor on September 22, 2006. In his veto message the Governor indicated that he could not support a government run health care system, but looked forward to working with the Legislature to develop a comprehensive

approach to health care that addresses affordability, shared responsibility, and the promotion of healthy living.

County-supported SB 1245 (Figueroa), which expands the coverage for an annual cervical cancer screening test provided by a health care service plan or a health insurance policy to include the human papillomavirus (HPV) screening test, was signed by the Governor on September 26, 2006.

CONSERVATORSHIP REFORM

The Governor signed the following four-bill package of conservatorship reform legislation on September 27, 2006: **County-supported, if amended, AB 1363 (Jones)**, which enacts the Omnibus Conservatorship and Guardianship Reform Act of 2006 to expand and enhance the Probate Court's oversight of conservatorships; **County-supported, if amended SB 1116 (Scott)**, which limits a conservator's power to sell a conservatee's personal residence; **County-supported SB 1550 (Figueroa)**, which establishes a State board to license and regulate professional conservators, guardians, and trustees; and **County-supported SB 1716 (Bowen)**, which expands the Probate Court's authority to investigate reports of a conservator's performance and review a conservatorship at any time deemed necessary to determine that the conservator is acting in the best interest of a conservatee.

We will continue to keep you advised.

DEJ:GK
MAL:IGR:db

c: All Department Heads
Legislative Strategist
Local 660
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants